

## Message Text

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ACTION EB-07

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R 221401Z JAN 75

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 4137

INFO AMCONSUL GUAYAQUIL

UNCLAS QUITO 0521

FOR WASHINGTON ACTION STAFF (WAS)

E.O. 11652: N/A

TAGS: BEXP, EC

SUBJECT: FY 1976 AND 77 COUNTRY COMMERCIAL PROGRAM (CCP)

REF: (A) STATE A-9016 (B) STATE 5312

1. FY 76 CAMPAIGN RECOMMENDATIONS: AS WAS AWARE, \$24,5000 MARKET SURVEY CONTRACTED WITH ARTHUR D. LITTLE (ADL) IS DUE FOR COMPLETION IN FEBRUARY 75. WE BELIEVE COMMERCE WILL AGREE THAT POSTS' FINAL RECOMMENDATIONS SHOULD AWAIT RESULTS OF THIS MAJOR STUDY. ACCORDING TO LOCAL ADL SUBCONTRACTOR, SURVEY WILL BE TERMINATED ON TIME. FOLLOWING, THEREFORE, ARE ONLY PRELIMINARY RECOMMENDATIONS: A) CAMPAIGN RELATING TO AGRICULTURAL MACHINERY AND EQUIPMENT SHOULD BE EXTENDED INTO FY 76 (AND POSSIBLY FY 77). DEVELOPMENT OF AGRO-INDUSTRIAL SECTOR REMAINS HIGH ON GOE LIST OF PRIORITIES FOR NEXT SEVERAL YEARS. PURCHASE BY GOE NATIONAL DEVELOPMENT BANK OF 800 TRACTORS IN 1974 WAS MERE BEGINNING. EQUIPMENT FOR THIS SECTOR SHOULD BE PROMOTED BY ALL AVAILABLE MEANS. FEBRUARY 75 TRADE MISSION (FOOD PROCESSING/AGRICULTURAL EQUIPMENT) SHOULD BE FOLLOWED BY OTHER, HIGHER-LEVEL USG-SUPPORTED EVENT, PERHAPS SOLO EXHIBIT. SINCE WE ARE UNAWARE OF ALL VARIOUS POSSIBILITIES IN THIS AREA, WE LEAVE DECISION AS TO NATURE OF EVENT TO COMMERCE. ONE SUGGESTION IS PRESENCE OF LARGE AND DIVERSIFIED CONTINGENT OF AGRICULTURAL EQUIPMENT SUPPLIERS AT IV GUAYAQUIL INTERNATIONAL FAIR, OCTOBER 1975, AS PART OF U.S.

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PAVILION. B). OTHER CAMPAIGN EXTENSION SHOULD BE CONSTRUCTION

MACHINERY AND EQUIPMENT, ESPECIALLY RELATED TO MAJOR INFRASTRUCTURE PROJECTS (POTABLE WATER RESOURCES, ELECTRIC POWER AND OTHER ENERGY, NEW PORT AND AIRPORT FACILITIES, IRRIGATION).

AS IN CASE OF AGRICULTURAL MACHINERY, WE NEED NOT AWAIT ADL STUDY TO KNOW THAT CONSTRUCTION EQUIPMENT MARKET IN ECUADOR HAS GREAT POTENTIAL. RECOMMENDED CAMPAIGN:SPECIALIZED TRADE MISSION TO QUITO NLT DECEMBER 1975. RECENT EMBASSY-ORGANIZED CATALOG EXHIBIT ON CONSTRUCTION EQUIPMENT INDICATED MODERATE-TO-HIGH PRIVATE AS WELL AS GOE INTEREST IN VARIOUS TYPES OF SUCH EQUIPMENT. C). AS COMMERCE WELL AWARE, ONE CAMPAIGN WHICH WAS SCHEDULED FOR FY 76 WAS OFFICIAL U.S. PAVILION AT IV GUAYAQUIL INTERNATIONAL FAIR. HOWEVER, COMMERCE, VIA STATE 012308, HAS NOW INFORMED POSTS THAT, IN EFFECT, THIS EVENT MAY BE ELIMINATED FOR BUDGET REASONS. WE OF COURSE CANNOT REVIEW RANK ORDER OF WORLD-WIDE PRIORITIES. BUT WE TRUST THAT FOREIGN POSTS' RECOMMENDATIONS CARRY SUBSTANTIAL WEIGHT IN ACTUAL SELECTION OF EVENTS AND THEIR EXECUTION. WE CONSIDER---ONCE AGAIN---THAT GUAYAQUIL FAIR WILL BE THE MAJOR TRADE PROMOTION OPPORTUNITY IN FY 76 AND SIMILAR OPPORTUNITY MAY NOT ARISE FOR TWO MORE YEARS. D) FINALLY, WE REGRET THAT METALWORKING AND FINISHING MACHINERY/ EQUIPMENT CATALOG SHOW HAS BEEN POSTPONED UNTIL APRIL 76 (STATE 5070) BUT LOOK FORWARD TO MAINTAINING THIS AS CAMPAIGN IN FY 76 CCP. WE THINK ADL STUDY WILL BEAR OUT MARKET POTENTIAL.

2. BECAUSE OF PRELIMINARY NATURE OF ABOVE RECOMMENDATIONS, POSTS ARE DEFERRING PREPARATION ACCORDING TO CAMPAIGN WORKSHEET FORMAT.

3. FOLLOWING GENERAL COMMENTS HOPEFULLY WILL BE USEFUL IN EXAMINING OVERALL EFFORT TOWARD CCP DRAFTING, COORDINATION AND IMPLEMENTATION.

A) WE ARE PLEASED TO NOTE IN REF A THAT WAS IS MAKING EFFORT TO SIMPLIFY FORMAT OF CCP. FY 75 CCP DOCUMENT WAS LONG, COMPLICATED, NOT EASILY REFERENCED. WE WOULD LIKE TO SEE NEW DOCUMENT DEVOID OF ALL EXCEPT ESSENTIALS. B) INFRASTRUCTURE PROJECTS ARE AND WILL CONTINUE TO OFFER BEST MAJOR SALES OPPORTUNITIES FOR US GOODS. INDIVIDUAL PRIVATE SECTOR PURCHASES WILL BE SMALL COMPARED TO GOVERNMENT SPENDING. GOE WILL REMAIN A MAJOR PURCHASER OF AGRICULTURAL AND CONSTRUCTION EQUIPMENT AND OUR EFFORTS MUST BE AIMED IN THIS DIRECTION. BUT THE BEST COMMERCIAL PROGRAM IS OF LITTLE AVAIL IF USG IS UNPREPARED TO SUPPORT MAJOR SALES OPPORTUNITIES. EXAMPLE: DESPITE URGENCY OF MATTER, NO REPLY HAS YET BEEN RECEIVED TO LATEST EMBASSY CABLE (QUITO 0249) REGARDING PUBLIC WORKS MINISTRY DESIRE UNCLASSIFIED

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TO PURCHASE US\$150 MILLION IR ROAD BUILDING EQUIPMENT. C) COMMERCIAL BUDGET DOES NOT NOW INCLUDE FUNDING FOR CERTAIN EXPENSES ASSOCIATED WITH POST-INITIATED TRADE EVENTS, SUCH AS COST OF PRINTING INVITATION CARDS AND BROCHURES AND PAID ADVERTISING. SUGGEST THAT ADDITIONAL CATEGORY BE ADDED TO BUDGET TO COVER SUCH COSTS. HEMENWAY

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